

Outsourcing Logistics Information Management (Software As A Service)

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Defense Logistics Information Management

FLE Process Metrics

OBJECTIVE	METRIC	MEASURES
Economy	Minimize Cost	Item total cost Cost per transaction Cost per seat Logistics IT system count

The Difficulty of Managing Defense Logistics Information

- Distributed computing environment with too many disparate legacy systems
- Inconsistent system performance and availability
- Software implementations take too long and cost too much
- Installed systems have high maintenance costs
- Insufficient number of trained personnel for IT systems management

Critical Issues for Defense Logistics Information Management

- **Technology**
 - Loss of data (disasters, sabotage)
 - Security (compromise of data and systems)
 - Connectivity (no or low bandwidth)
 - Slow response times
 - **High cost of ownership**
- **Applications**
 - Old, outdated programs in obsolete or proprietary code
 - Long upgrade and update cycles
 - Fragmented data
 - Difficult and expensive integration among systems
 - Long, expensive implementations (GOTS & COTS)
 - **High cost of ownership**

The High Cost of Managing Software

“Customers can spend up to 4 times the cost of their software license per year to own and manage their applications.”

**-Brian Zrimsek
Research Director
The Gartner Group
January 2003**

The High Cost of Managing Software

Software Cost

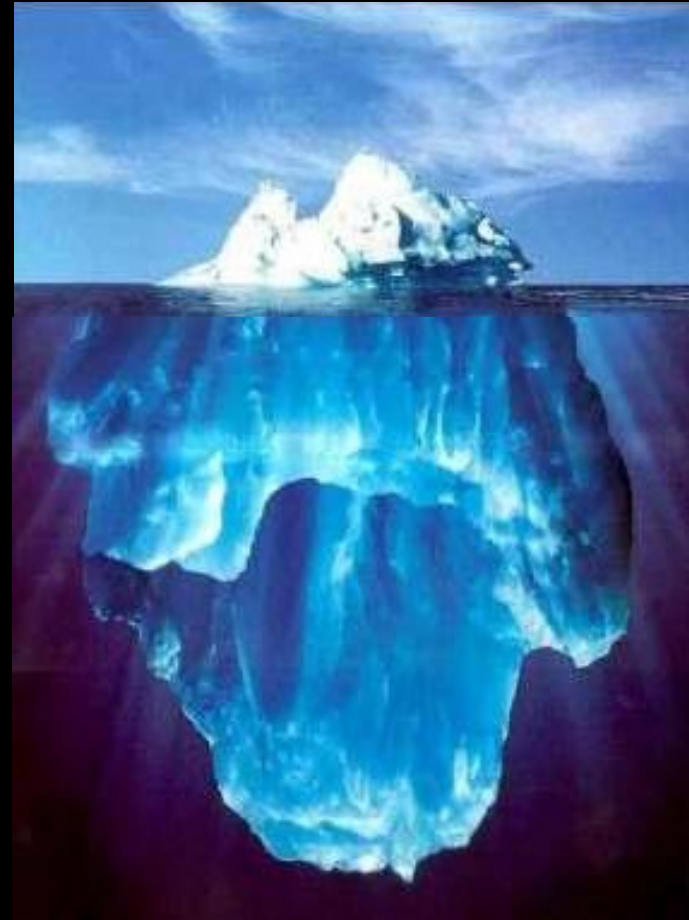
\$1M one time

Management Cost

4x Purchase Price
PER YEAR

\$4M per year

\$20M over 5 years



A New Way of Dealing with the Problem

- **Outsourcing for key software management services**
 - **Availability Management**
 - **Performance Management**
 - **Security Management**
 - **Change Management**
 - **Problem Management**

Outsourcing: Evolution of the Industry

Traditional IT

In-house
Operations,
Management,
Administration

Better Service
Faster Service
Lower Cost

Software As A Service

On-Demand Computing
Applications Hosting
Servicing Software
Online Support Services
Managed Services
Application
Service Provider

Oracle Outsourcing

E-Business

Technology

Collaboration

Applications

e-businesssuite

ISV or Cust

ORACLE[®]
COLLABORATIONsuite

Support

ORACLE[®]

ISV or Cust

ORACLE[®]

Implementation

Partner ORACLE

Customer

Partner ORACLE

Apps Admin

Oracle
Manages
Availability
Security
Performance
Change
Problems

Customer

Oracle
Manages
Availability
Security
Performance
Change
Problems

Oracle
Manages
Availability
Security
Performance
Change
Problems

DB/AS Admin

System Admin

HW Admin

ORACLE[®]

Oracle Outsourcing

- Deployment options (set monthly fee)
 - @ Oracle (4 secure data centers)
 - @ Customer
- Examples of Oracle's 590 Customers
 - Hellman Worldwide Logistics
 - UNOCAL
 - Tropicana
 - Kvaerner Pulping
 - National Endowment for the Humanities
 - Department of the Interior
- Soon to be:
 - Other Federal Civil Agencies & DOD customers

Customer Benefits Achieved with Outsourcing

- Availability Management
 - 24X7 expert systems monitoring
 - Two hour disaster recovery time
- Performance Management
 - Up to 40% improvement in transaction processing time
- Security Management
 - Automatic testing & application of all software patches
- Change Management
 - Automatic upgrades reduce time & complexity
- Problem Management
 - Customers file 50% fewer support requests
 - Requests resolved 50% faster compared to offline environment
 - 60% of problems resolved without any customer intervention

50% reduction in software costs!

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